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France

Product Brief

French Market for Food Supplements

2007

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Report Highlights:
In 2006, the French food supplement market was valued at approximately one billion Euros ($1.3 billion), a 15 percent increase compared to 2005 and a 34 percent increase compared to 2004. Best prospects in France include plant extracts, vitamins, herbal teas, dietetic meal substitutes and weight-loss products, bone mineral deficiency and anti-stress supplements, and sedatives. More recently, cranberry-base products have made gains in the French market.

American products have real potential in this market provided that U.S. manufacturers conform to EU standards and the more stringent French regulations, and can withstand tough competition from European manufacturers.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Paris [FR1]
[FR]

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Note: Exchange rate used in this report:
Calendar Year 2005: U.S. Dollar 1 = 0.8038 Euros
Calendar Year 2006: U.S. Dollar 1 = 0.796 Euros
(Source: Paris Stock Exchange/European Central Bank)

SECTION I. DEFINITION AND MARKET OVERVIEW

a. Definition:

The European Union (EU) food supplement Directive 2002/46/EC, aimed at harmonizing EU rules across Member States, transcribed by French decree 2006/352 of March 20, 2006, defines food supplements as "foodstuffs meant to supplement the normal diet and which are concentrated sources of nutrients or other substances with a nutritional or physiological function, alone or in combination, marketed only in dose form measured in small quantities."

Food supplements cannot be sold in bulk in retail outlets. Food supplements are generally marketed in pill, capsule, or vial form. They contain nutrients (vitamins and minerals), nutritional substances, such as plant extracts or technological additives, colorings, or sweeteners as listed in French decree 2006/352.

b. Market Overview:

France has a dynamic food supplement market that grew 15 percent in 2006, compared to 2005, and 34 percent compared to 2004. In 2006, the French market was estimated at 1.03 billion Euros ($1.3 billion).

Consumers: Recent French consumer surveys show that ten percent of the French population regularly consumes food supplements while 50 percent are more casual consumers. 67 percent have confidence in food supplements; 61 percent believe consumption of food supplements reduces health expenses. Consumers generally expect that food supplements will relieve arthritis problems (49 percent), balance cholesterol (47 percent), and reinforce the immune system (41 percent). Magnesium, vitamin C, multi-vitamins, calcium, trace elements, beauty supplements, and sleep aids are the most popular food supplements. Women consume more food supplements than men (16 percent versus 6 percent). Food supplement marketers target middle to upper income consumers, primarily in Paris and the surrounding area.

Growing trends: Food supplements for seniors are showing strong growth. Preventative food supplements linked to age such as bone mineral deficiency supplements saw sales increase 69 percent in 2006. Also on the rise are food supplements aiding the immune system, as well as those with cranberries.

Distribution: Manufacturers have shifted their marketing efforts away from supermarkets and have aggressively targeted pharmacies and drugstores. Supermarkets lost market share in 2006, compared to 2005 (minus 2 percent).

SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

a. Entry Strategy:

To succeed in introducing new-to-market products, U.S. exporters must have local representation and make personal contacts. Local representatives can provide up-to-date information on business practices, trade laws, sales leads, and marketing and distribution strategies. Some local representatives are also importers and distributors. The Office of Agricultural Affairs in Paris has listings of potential importers and distributors.

Depending on products, U.S. exporters can penetrate the market through:

- A central buying office
- Specialized importers/distributors

The Office of Agricultural Affairs recommends that small-to-medium size U.S. exporters work through importers/distributors familiar with central buying offices which share the management and promotional costs of positioning products in the market.

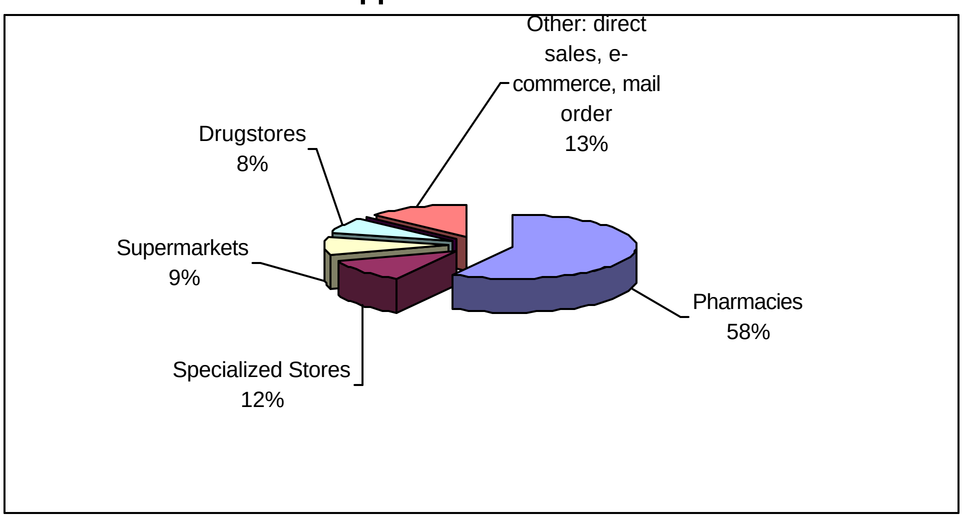
b. Market Structure and Trends of the Five Distribution Circuits:

Food Supplement Sales Amount per Distribution Channel in France

Distribution Channels	Amount of Sales in 2006 (in million dollars)	Percent Change 2006/2005	Percent Change 2006/2004
Pharmacies	754	+22	+37
Specialized Stores	149	-1	-2
Supermarkets	122	-2	-1
Drugstores	102	+9	+28
Other (mail order, e-commerce, direct sales)	163	+1	+9

Source: IMS Health/Manufacturers Estimates/IRI Secodip

Market Share of Food Supplement Distribution Channels in France



Pharmacies and Drugstores:

Pharmacies and drugstores are the leading distributors of food supplements in France with 66 percent market share and annual sales of 681 million Euros ($856 million). There are approximately 22,000 pharmacies and drugstores in France, and with central buying offices such as Giphar or Optipharm, they can buy products at more competitive prices.

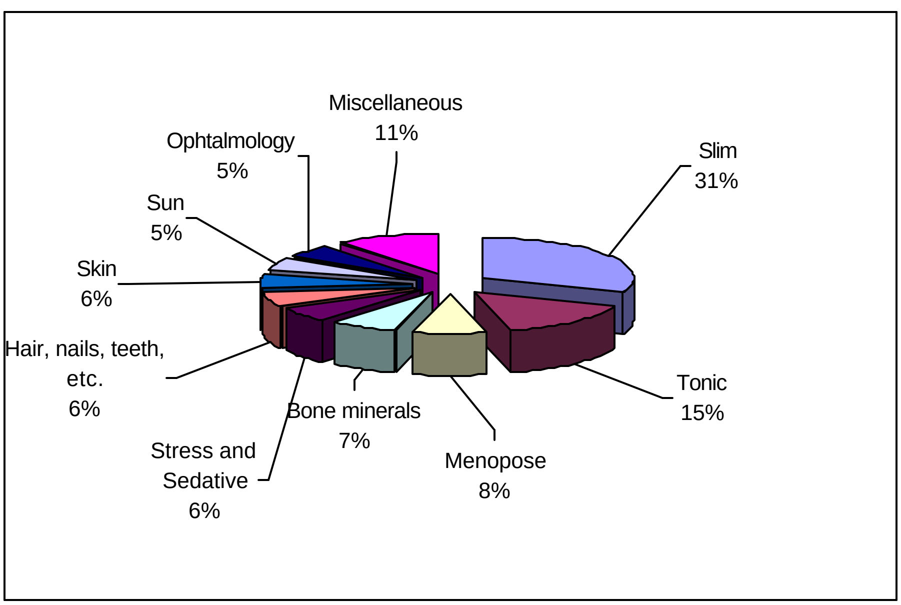
Most French consumers prefer to buy food supplements in these stores where they can receive advice on product benefits, however, e-commerce is also a growing source of food supplements. Other distributors, such as hyper/supermarkets, specialized dietetic stores, sport and beauty shops, have lost market share in the last two years.

Major Food Supplement Sales in Pharmacies and Drugstores during CY 2006

Food Supplements	Total Sales (in million dollars)	Percentage Change 2006/2005	Percentage Change 2006/2004
Weight loss supplements	265	+18	+42
Tonic supplements	126	+15	+33
Menopause supplements	65	-4.5	-12
Bone mineral supplements	58	+75	+210
Stress & sedative supplements	51	+34	+50
Hair, nails, teeth, supplements, etc.	53	+16	+20
Skin supplements	51	+7	+13
Sun supplements	48	+8	+14
Opthalmology supplements	44	+27	+88
Miscellaneous	95	+25	+49

Source: IMS Health

Market Share of Major Food Supplements Sold in Pharmacies and Drugstores



Source: IMS Health

Hyper/Supermarkets:

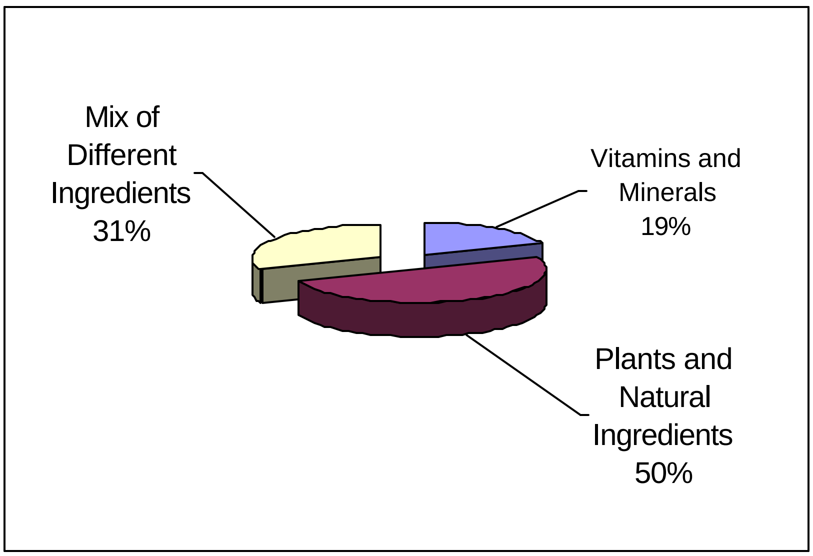
Sales of food supplements in French hyper/supermarkets totaled 97 million Euros ($122 million) in 2006. Natural based products, such as plant extracts, herbal teas, vitamins and minerals and mixes of different ingredients, are the most popular form of food supplements sold in supermarkets. Supermarket sales of food supplements decreased two percent in 2006, compared to 2005, due to the shift in promotion strategy by manufacturers.

Major Food Supplement Sales in Hyper/Supermarkets during CY 2006

Food Supplements	Total Sales (In million dollars)	Percentage Change 2006/2005	Percentage Change 2005/2004
Plants and natural ingredients, including herbal teas	61	-9	-10
Mix of different ingredients	36	+16	+38
Vitamins and minerals	24	-5	-15
TOTAL	**121**	**-2**	**-1**

Source: IRI Secodip

Market Share of Major Food Supplements Sold in Hyper/Supermarkets



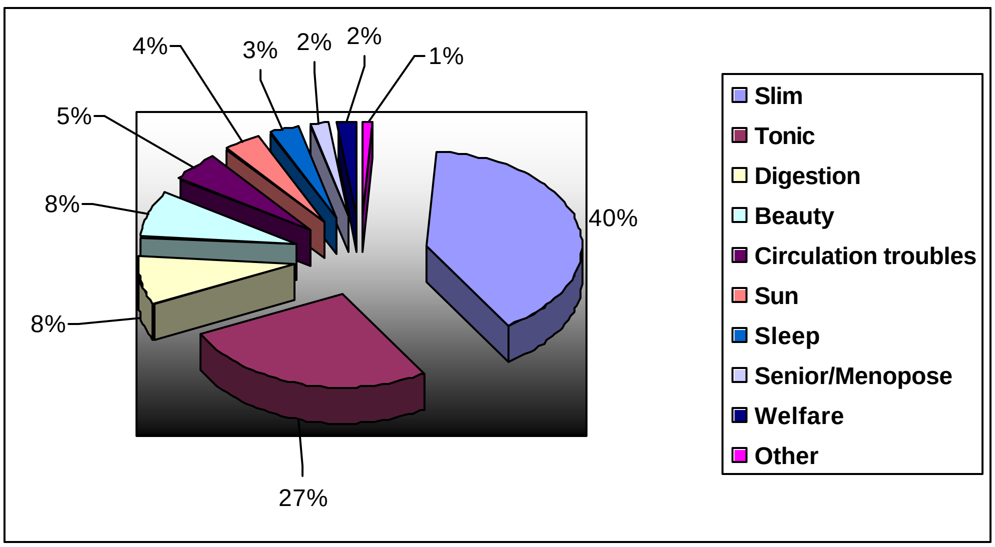
Source: IRI/Secodip

Food Supplements Sales in Hyper/Supermarkets by Major Categories

Food Supplement Category	Total Sales (In million dollars)
Weight loss supplements	49
Tonic supplements	33
Digestion supplements	10
Beauty supplements	10
Circulatory supplements	6
Sun supplements	5
Sleep supplements	4
Senior/Menopose supplements	1.9
General welfare supplements	1.9
Others	1.2
TOTAL	**122**

Source: IRI/Secodip

Food Supplements Market Share in Hyper/Supermarkets by Major Categories



Source: IRI/Secodip

Specialized Stores/Sport and Beauty Outlets:

Specialized stores, including sport and beauty shops, represent about 3,000 outlets, many of which are franchises. These stores accounted for 12 percent of the total market with estimated sales of 119 million Euros ($149 million) in 2006 with customers interested in dietetic, organic and plant extract products.

E-commerce and mail sales:

Although there are no statistics available, sources estimate that mail order and internet sales account for 13 percent of the total food supplement market in 2006. This method of purchase is expected to continue growing as a result of the increasing number of internet websites selling food supplements.

SECTION III. MAJOR COMPANIES IN THE FOOD SUPPLEMENT SECTOR

Name of Operator	Major Brands	Distribution Circuits
Laboratoire Arkopharma	Phyto Naturland and ExtraVine (plant extracts)	Pharmacies/Drugstores and Supermarkets
Laboratoire Oenobiol	Oenobiol	Pharmacies & Drugstores
Laboratoire Physcience	Physcience	Pharmacies & Drugstores
Sed (Laboratoire Juva Santé)	Juvamine (vitamins), Juvaflorine (plant extracts) and Evert	Specialized Stores and Supermarkets
Groupe Distriborg	Equilibrance/Vendomine/Ephytem & Evanea	Supermarkets & Specialized Stores
Laboratoires Yves Rocher	Santé Naturelle	Direct Sales
Léa-Institut Vital	Amphorm, Floressance, Natessance, Natébio	Supermarkets, Drugstores and Specialized stores
Laboratoire Pierre Fabre	Pierre Fabre Santé Furterer	Pharmacies & Drugstores
Ponroy Santé Group (Yves Ponroy & Biohamonyl/Nutri Santé, Vitamonyl & Vitathéra	N/A	Direct Sales, Pharmacies & Supermarkets
Laboratoires Martin Privat	Specialized in plant extracts and vitamins	Pharmacies & Drugstores and Specialized Stores
Roche - R.C.H.	Minerals and vitamins (Santogan)	Pharmacies
Sandoz (nutrition et santé)	Cereal & Gerblé	Supermarkets
Laboratoire Inneov (joint venture between L'Oréal and Nestlé)	Top line of firmless & hair products	Pharmacies

Source: AC/Nielsen Panel

In reaction to strong French consumer demand, large food industry groups, such as Dannon and Nestlé, are increasing their investment in the health food/supplement sector, resulting in a hybrid product between food and medicine, called "aliments-santé" (functional foods). In fact, recent mergers between pharmaceutical and food industries should reinforce this development. For example, Inneov, a joint venture between L'Oréal and Nestle, is producing a line of body firming and hair supplements sold uniquely in pharmacies.

SECTION IV. COSTS AND PRICES

Research shows that consumers are willing to pay higher prices for food supplements at a drugstore/pharmacy than at a grocery store. At prices over $7.00 per unit, the French consumer generally prefers to buy a food supplement in a setting where consultations on products' benefits are available.

SECTION V. MARKET ACCESS

Custom duties

Food supplements are classified under the harmonized system (HS) 21 06 9098. However, this classification may differ according to the percentage of ingredients in the product. The French customs office is responsible for determining the final classification of a product and can be reached at the following address:

Direction Generale des Douanes
Bureau E-4
8, rue de la Tour des Dames
75436 Paris Cedex 09
Tel: (33-1) 55 07 46 55
Fax: (33-1) 55 07 48 60
Email: dg-e4@douane.finances.gouv.fr
Internet: www.douane.gouv.fr

Regulations

General Information:
In an effort to harmonize the EU market for food supplements and similar products, the European Union (EU) issued EU Directive 2002/46/EC, as amended March 30, 2006 by EU Directive 2006/37/EC. These Directives define food supplements, their composition, labeling, and detail the 13 vitamins and 15 minerals which can be used in manufacturing food supplements. EU Directive 2002/46/EC, as amended, does not provide for additional substances, such as amino and fatty acids, fibers, plants and vegetable extracts, to be used in food supplements. These substances continue to be regulated by various national decrees.

To transpose the EU Directives as well as various former French decrees, France issued Decree 2006/352 on March 20, 2006. This decree includes labeling, composition and sale notification of food supplements (see paragraph below*)*. Note that the French decree adopted the EU Directive 2002/46/EC and 2006/37/EC in total. France will recognize other Member States' requirements on substances contained in food supplements not included in this Directive. However, if the substance has never been offered for sale in France, France retains the right to require a pre-authorization review (see below French Decree 2006/352).

For additional information on EU directives on food supplements, herbal medicines and dietetic foods, see the following website: http://www.europa.eu.int/

Vitamins and Minerals and other Substances Current Regulations:
EU Directive 2002/46/EC, amended by Directive 2006/37/EC established a list of vitamins and minerals permitted in food supplements, but did not fix any maximum tolerance levels for the allowable additives. A discussion paper was sent to each EU Member State with temporary limits valid through September 2006. To date, the EU Commission has not established maximum limits. However, a French decree of May 9, 2006 does set tolerance levels (see below), making import into France more difficult. If necessary, French food supplement manufacturers should be able to provide laboratory data verifying the final composition of their product.

Note that vitamins or minerals and other substances not listed in the EU Directives may be authorized by EU Member States, including France, on a case-by-case basis until December 31, 2009, provided the substance contained in the food supplement was already sold in the European Union prior to the issuance of EU directive 2002/46/EC, and that the EU Food Safety Authority (EFSA) has not issued an unfavorable opinion on the sale of the substance. In that case, a specific file needs to be submitted by the Member State to the European Commission.

French Decree 2006/352 Transposing EU Directives:
If a food supplement has never been sold in France and is new to the market, even if manufactured or already sold in another EU Member State, the food supplement is subject to a declaration procedure through the General Direction for Consumption, Competition and Frauds (DGCCRF) which will authorize the sale of the food supplement. Potential importers should contact DGCCRF at the following address:

Direction Générale de la Concurrence, de la Consommation et
de la Répression des Fraudes (DGCCRF)
Bureau Sécurité et Réseaux d'Alerte - Télédoc 051
52, boulevard Vincent Auriol
75703 Paris Cedex 13
Tel; (33 1) 44 97 32 04
Fax: (33 1) 44 97 24 86
Contact: Marianne Dessen-Mugniot
Email: marianne.dessen-mugniot@dgccrf.finances.gouv.fr

Labeling:
Labels must be in French and include the following basic information:

- Product definition
- Shelf life
- Precautionary information or usage instructions, if applicable
- List of ingredients and their percentage relative to daily recommended allowance
- Weights, volumes, etc., in metric units
- Product's country of origin and name of importer or vendor within the EU
- Manufacturer's lot or batch number

Advertising, New Regulations for Nutritional and Health Claims:
A food supplement is not a medicine and consequently advertising and labeling should not indicate any curative or preventive properties. A list of prohibited claims is listed in the official bulletin of the General Direction for French Consumption, Competition and Fraud (DGCCRF) of October 7, 1997.

Also, EU Regulation 2006/1924 on nutritional and health claims entered into force July 1, 2007. This new regulation authorized nutritional and health claims which may be used on food and food supplements.

French Dietetic and Food Supplement Trade Association Concerns*:*
While vitamins and minerals are regulated at the EU level (they represent approximately 30 percent of the total market for food supplements), other ingredients such as fatty and amino acids, plants and plant extracts, are still regulated by each Member State. For plants, France has a list of 34 medicinal plants authorized for use in food supplements.

Authorized Maximum Daily Quantities for Vitamins and Minerals
As per French Decree of May 9, 2006

1. **Vitamins**:

Vitamin A:	800 pg
Vitamin D:	5 pg
Vitamin E:	30 mg (mg TE)
Vitamin K :	25 pg
Vitamin B1 :	4.2 mg
Vitamin B2 :	4.8 mg

Niacin (mg NE):
- Nicotinic acid : 54 mg
- Nicotinamide : 8 mg (mg NE)

Pantothenic acid :	18 mg
Vitamin B6:	2 mg
Folic acid:	200 pg
Vitamin B12:	3 pg
Biotin:	450 pg
Vitamin C:	180 mg

2. **Minerals:**

Calcium:	800 mg
Magnesium:	300 mg
Iron:	14 mg
Copper:	2000 pg
Iodine:	150 pg
Zinc:	15 mg
Manganese:	3.5 mg
Sodium:	*quantum satis* depending on the quantity brought by anions
Potassium:	80 mg
Selenium:	50 pg
Chromium:	25 pg
Mobybdenum:	150 pg
Fluoride:	0 mg
Chloride:	*quantum satis* depending the quantity brought by cations
Phosphorous:	450 mg

SECTION VI. BEST PRODUCT PROSPECTS

In supermarkets, the best selling products are plant extracts, herbal teas and phyto-vitamins (a mix of plant extracts and vitamins). Despite competition from French manufacturers, if imported products are of good quality, reasonably priced with attractive packaging, they may find a niche in the market if marketed effectively.

In pharmacies and drugstores, opportunities exist for U.S. exporters carrying innovative products such as green mixtures (extracts of young shoots of wheat, oat and barley) rich in vitamins and trace elements. In addition, vitamin C, representing ten percent of the total market of food supplements in supermarkets and 21 percent in pharmacies, is also in demand. Other products such as fat blockers, dietetic meal substitutes, laxative food supplements, and more generally all supplements for seniors aimed at improving health (i.e., supplements for bone mineral deficiency and stress, sedatives, and cranberry-base products benefiting the genito-urinary system) represent strong product prospects for U.S. suppliers offering high quality and innovative packaging.

SECTION VII. KEY CONTACTS AND FURTHER INFORMATION

For further information contact:
Office of Agricultural Affairs
American Embassy
2, avenue Gabriel - 75382 Paris Cedex 08
Tel: (33-1) 43 12 2264
Fax: (33-1) 43 12 2662
Email: agparis@usda.gov
Internet: http://www.amb-usa.fr/fas/fas.htm

For more information on exporting U.S. food products to France, visit our homepage.

Reports identified below are relevant and compliment information in this report:

Report Number	Name	Hot Link
FR6064	Retail Food Sector	http://www.fas.usda.gov/gainfiles/200702/146280102.pdf
FR7023	Food & Agricultural Import Regulations & Standards	http://www.fas.usda.gov/gainfiles/200708/146291922.pdf
FR7028	Exporter Guide	http://www.fas.usda.gov/gainfiles/200710/146292590.pdf
E47056	Food & Agricultural Import Regulations & Standards EU-27	http://www.fas.usda.gov/gainfiles/200707/146291677.pdf
E47090	Nutrition & Health Claims Update	http://www.fas.usda.gov/gainfiles/200710/146292645.pdf